

## Message Text

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PAGE 01 TAIPEI 00298 160807Z  
ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 ISO-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 STR-06 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
SOE-02 OMB-01 DOE-11 /121 W  
-----020153 160810Z /17

R 160730Z JAN 78  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC 6108  
INFO AMEMBASSY SEOUL  
AMEMBASSY BANGKOK  
AMEMBASSY MANILA  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY BRASILIA  
AMEMBASSY MADRID  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMCONSUL HONG KONG

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E.O. 11652: N/A  
TAGS: ETRD, TW  
SUBJECT: SPECIFIC ACTIVITIES TO CIRCUMVENT FOOTWEAR ORDERLY  
MARKETING AGREEMENTS (OMA)

REF: STATE 008343

1. ECON COUN DISCUSSED SUBSTANCE REFTEL WITH VICE MINISTER  
OF ECONOMIC AFFAIRS Y.T. WONG JANUARY 14. WONG ADMITTED  
THAT A FEW QUOTE UNSCRUPULOUS UNQUOTE ROC FOOTWEAR FIRMS MAY  
HAVE ATTEMPTED TO CIRCUMVENT OMA BY SHIFTING MANUFACTURING  
OPERATIONS TO THIRD COUNTRIES BUT PRACTICE IS NOT WIDESPREAD  
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AND GROC IS TAKING ACTION TO PREVENT CIRCUMVENTION BY CLOSELY  
MONITORING EXPORT LICENSES. PROBLEM IS DETERMINING PURPOSE  
FOR WHICH FOOTWEAR COMPONENTS ARE EXPORTED. DISTINCTION  
MUST BE DRAWN BETWEEN ROC FIRM IN CAHOOTS WITH THIRD COUNTRY  
IN ORDER TO EVADE OMA AND ROC FIRM WHICH IS MERELY  
SELLING COMPONENTS TO THIRD COUNTRY FIRM WHICH IS UNABLE  
TO OBTAIN SUCH COMPONENTS LOCALLY. OBVIOUSLY, THERE ARE

FIRMS IN COUNTRIES WHICH ARE NOT SUBJECT TO OMA RESTRICTIONS WHICH NOW WISH TO MANUFACTURE FOOTWEAR COVERED BY THE OMA AND SELLING COMPONENTS TO THOSE FIRMS IS CONSIDERED BY GROC TO BE NORMAL COMMERCIAL TRANSACTION IF THERE IS NO EVIDENCE OF COLLUSION BETWEEN THOSE FIRMS AND ROC FIRMS.

2. WONG COMMENTED THAT GROC IS AWARE OF ITS RESPONSIBILITIES UNDER THE OMA AND IT WILL DO THE BEST IT CAN TO INSURE THAT LOCAL FOOTWEAR MANUFACTURERS ALSO RESPECT THE AGREEMENT. MALEFACTORS WILL BE PUNISHED WHEN CAUGHT BUT CATCHING THEM IS NOT EASY, PARTICULARLY SINCE THE BOARD OF FOREIGN TRADE IS NOT STAFFED TO INVESTIGATE THOROUGHLY EACH AND EVERY REQUEST FOR AN EXPORT LICENSE SUBMITTED BY A FOOTWEAR MANUFACTURER.

3. WITH REGARD TO THE OMA ITSELF, WONG COMMENTED THAT PRICES IN THE US FOR FOOTWEAR COVERED IN THE AGREEMENT WITH THE ROC HAVE RISEN SHARPLY BECAUSE OF STRONG DEMAND WHICH CANNOT BE FILLED BECAUSE OF AGREEMENT LEVELS. U.S. FOOTWEAR IMPORTERS ALSO TELL HIM THAT PRICES WILL GO EVEN HIGHER IN 1978 SINCE THE US FOOTWEAR INDUSTRY IS NOT PREPARED TO MEET THE DEMAND. IN WONG'S OPINION, NO ONE HAS BENEFITTED FROM THE OMA, INCLUDING ROC EXPORTERS, THE US SHOE INDUSTRY AND, ABOVE ALL, THE US CONSUMER.

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UNGER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOOTWEAR, AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978TAIPEI00298  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780022-0768  
**Format:** TEL  
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**Litigation Codes:**  
**Litigation History:**  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 8343  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 28 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3766345  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SPECIFIC ACTIVITIES TO CIRCUMVENT FOOTWEAR ORDERLY MARKETING AGREEMENTS (OMA)  
**TAGS:** ETRD, TW  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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